

**Effective leadership in the multi-faceted client organisation:
A case study on the Olympic client coalition**



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Abstract

Despite encouragement from the academic community, the construction industry continues to take a task and process orientated approach to both construction projects and clients. The multi-faceted client presents a complex series of cross-functional objectives and organisational considerations which must be managed throughout a construction project. Soft systems methodology and relating theories can be applied to the variables affecting the dynamics of a construction industry client and also the processes that determine the outcome of a project. However it is the effective leadership of this management process that ensures the satisfaction of all stakeholders involved and fundamentally, the success of a project.

The 2012 London Olympic Games present a number of key challenges to the construction industry. Furthermore, the breadth and diversity of project stakeholders of the Olympic client coalition lend this project the potential to set many precedents, particularly in terms of client leadership. Therefore, to illustrate the Industry's perspective on current practice and the need for client leadership, the researcher undertakes a critical investigation into the client coalition formed in the preparation of the 2012 Games.

Keywords

Construction client, leadership, Olympics, soft systems methodology

Word-count

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Section 1 - Introduction

Chapter 1 – Introduction

1.1 Rationale for the research topic

There has been increasing awareness in the construction industry ('the Industry') of the need to meet the requirements of the client more effectively. To do this, the industry must have the ability to investigate and subsequently understand a diverse client base. Research has been conducted and basic categories of the client organisation have been established, however this information is predominantly used by the industry for marketing purposes. Hence the industry is falling short of gaining a deeper understanding the client organisation by not utilising this information to its potential. Many client-focused initiatives such as the 'Client's Charter' have been developed as a result of key reports which highlight the issues such as improvements to the briefing process, urging clients to take the lead and the need for integration and value. However the basic understanding of the client in terms of its organisation, structure, business culture and leadership has been largely overlooked (Latham, 1994; Egan, 2002).

1.2 Theme for discussion

A construction client consisting of one party is extremely rare and therefore the multiple and diverse stakeholders within a client coalition need to be recognised. New procurement methods such as framework agreements, partnering and the Public Finance Initiative (PFI) have served to emphasise the number of stakeholders involved in both the client and overall project coalitions. The impulse for each of these stakeholders to protect their own interests and drive forward their own respective agendas has not only resulted in dissatisfied clients and project failure but also considerable preparative legal work at the outset of projects. What the researcher intends to portray using input from the Industry is the value of client coalition analysis to inform both the demand and supply side of problematic issues and ensure that effective leadership is in place. The advantage of such analysis will be to cause the Industry to become more client-focused in contrast to what Green (1996) calls the 'perpetuating obsession' of its own fragmented nature.

Concern has already been expressed as the Industry has called for the Olympic client coalition (as a multi-stakeholder client organisation) to install effective leadership (see Appendix A). In addition to the issue of leadership, the Industry has also highlighted the need for a single accountable figurehead to provide for the effective delivery of the Olympic vision.

This report highlights organisational issues, in contrast to the systematic processes involved, in the context of the construction of the facilities for the 2012 Games and the provision of a lasting legacy. Great pressure is being placed on the Olympic client coalition to use this as an opportunity to showcase the UK construction industry. This pressure must be absorbed by the client whilst achieving predetermined objectives.

The researcher has drawn on the thoughts of key theorists to seek an effective leadership approach for such a unique construction client. These theorists include Boyd and Chinyio (2006), Checkland and Scholes (1990), Cole (1996), Green (1996), Handy (1993), Walker (2002) and Winch (2002). A review of past literature on the organisation of the client and the lack of effort invested by the Industry to understand such complex organisations is undertaken in chapter two.

Chapter three performs an in-depth study into leadership theories and their applications. Current practices and the aspirations of the Industry are examined in chapter four, which also reveals the methodology used by the researcher.

An analysis of the Industry's response to the client organisation is undertaken in chapter five, where an understanding of the structure and relationships within the Olympic client coalition is also developed. Chapter six looks at this client coalition and a proposed approach for effective leadership. In addition, this chapter considers the importance of accountability in relation to the acting leaders of the coalition.

In conclusion, chapter seven seeks to portray the implications of problematic issues that may arise as a result of the current organisational composition, and the potential ramifications that could be suffered both by the Industry and overall Olympic project.

Section 2 – Literature review

Chapter 2 – The client organisation

2.1 The client organisation and its environment

The importance of understanding the environment of an organisation was highlighted when considering the soft systems methodology (SSM) approach to management. A study carried out by Checkland and Scholes (1990) essentially pioneered the SSM approach and created a foundation for the concept to be further developed (Yeo, 1993). SSM recognises the variables and externalities that influence the success of projects, such as the economic environment, regulations and human behaviour.

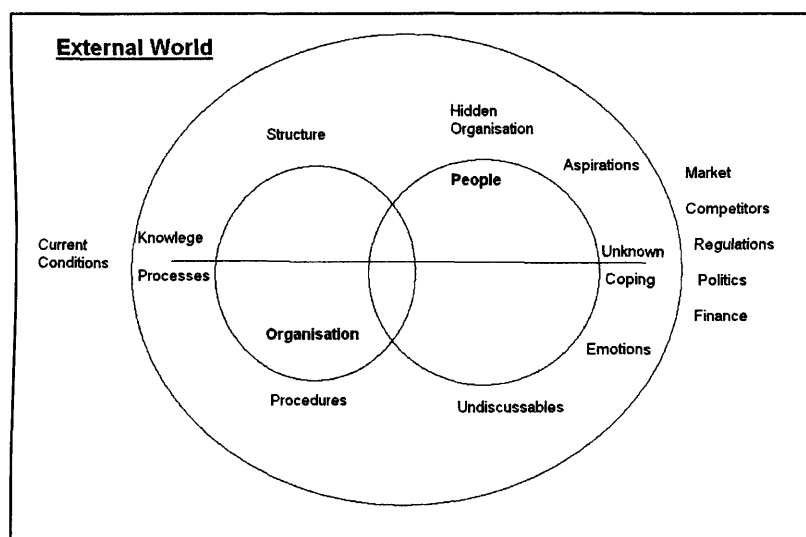


Figure 2.1 The external world, Source; Boyd and Chinyio, (2006)

The movement towards a more dynamic and 'soft' approach was first suggested by Higgins and Jessop (1965) in a construction context, as the product of an investigation into communication problems within the Industry. Higgins and Jessop (1965) identified that such communication struggles are due to diverse attitudes to value amongst stakeholders involved in construction projects. Green and May (2003) further highlight the increasing role of SSM when establishing the objectives of multi-faceted clients. This shift towards SSM first emerged in practice during the 1980's when concern and thought was given to factors such as 'culture, value systems, attitudes, human perception, meaning and learning in human activities, both at organisational and individual levels' (Yeo, 1993; Checkland and Winter, 2003).

2.2 Traditional categorisation of the construction client

The construction industry's roots traditionally lie in engineering and it is this origin that accounts for the inherited systems engineering approach to, and classical management of, the construction client (Walker, 2002). As the Industry functions in a process and task orientated culture it has therefore aligned itself to deal with the construction client in a similar style. This approach has resulted in the categorisation and understanding of clients in a similar style to that of the Industry's understanding of the processes and tasks involved in construction (Walker, 2002).

The way in which the Industry attempts to classify and subsequently understand construction clients has been under academic scrutiny for some time. Green (1996) states that since the early investigations of Higgins and Jessop (1965), this basic understanding of the client as a complex organisation has not advanced. This lack of progress may be due to the diversity of construction clients, rendering the development of an accurate and formal categorisation of clients' structure and needs impossible to achieve (Walker, 2002). Key criteria appear to be of utmost importance; business activity and size, sector and knowledge of the construction industry (Green, 1996; Latham 1994; Winch, 2002; Walker, 2002). However, the increasing recognition of clear organisational parallels across what has been traditionally classified as a very disparate client base (figure 2.2) has led to a new paradigm - the multi-faceted, or pluralistic client (Boyd and Chinyio, 2006).

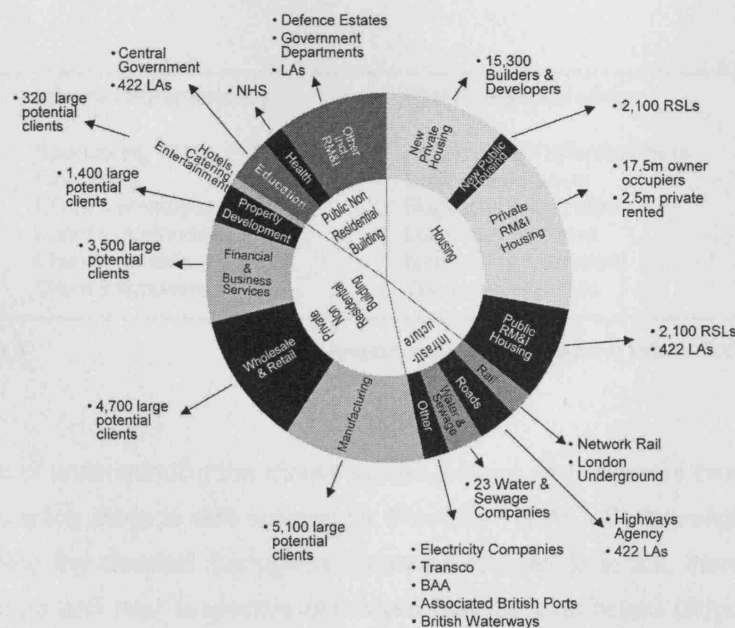


Figure 2.2 Construction Industry Clients, Source: nCRISP (2003)

2.3 The pluralistic client

Boyd and Chinyio (2006) cite in their research that the widespread perception of the client representing a single individual or entity has prevented the Industry from being more accommodating in the understanding of the pluralistic construction client. This is also noted in the work of Hampden-Turner (1984) as cited by Boyd and Chinyio (2006). Green (1996) and Winch (2002) add that the Industry's assumption of the clients' ability to fully articulate the objectives of each stakeholder and maintain these pre-determined objectives throughout the duration of a project is not realistic. Early research conducted by the Tavistock Institute (1966) pioneered the concept of the complex client organisation, stating that client organisations comprise 'of both congruent and competing sets of understanding, values and objectives'. Cherns and Bryant (1984) were the first to advocate the term 'multi-faceted client' and suggested that the potential for conflict within such an organisation would arise as a result of diverse objectives (Boyd and Chinyio, 2006).

Walker (2002) investigates this issue by highlighting the various stakeholders (figure 2.3) involved in public sector projects; local authorities, central government, government policy makers and end-users. Walker (2002) gives a further example of the conflicting values and objectives of diverse client stakeholders involved in projects, using the examples of funding arrangements and project sponsors. He points out that complex organisations such as these beg the question; 'who is the client?'. Whilst reflecting Walker's sentiments, Boyd and Chinyio (2006) stress 'the need for the client to be seen as a plural, involving a set of stakeholders with different client needs'. A project sponsor or representative appointed by the client to carry out certain duties adds yet another dimension for the organisation to consider (Boyd and Chinyio, 2006).

Internal Stakeholders	External Stakeholder
Sponsoring client	Local residents/landowners
Financiers	Environmentalists
Client's employees	Regulatory agencies
Client's customers	Local Government
Client's tenants	National Government
Client's suppliers	The general public

Figure 2.3

Project stakeholders, Source: Winch (2002)

The importance of understanding the client's values, culture and business processes prior to the traditional briefing stage is also outlined by Salisbury (1990). By investigating the client organisation using the classical management method referred to in 2.2, there is a risk that client stakeholders and their respective objectives may be overlooked (Boyd and Chinyio, 2006). This fuels the opinion of Chinyio et al (1998) and Green (1996) that construction professionals often adopt an 'over-simplistic view' of their clients' needs in a strategic sense.

Literature shows that the construction industry and its clients continue to utilise the 'old practice equation', which focuses on classical management rather than the need for a 'soft' approach and leadership (Dunn and Baker 2003). However, due to complexity of construction clients and the inter-organisational nature of the construction industry, effective leadership is required (Walker, 2002).

Chapter 3 – Leadership

3.1 A need for leadership

Leadership has been highlighted as a critical issue by the construction industry for some time (Latham, 1994; NOA, 2001; Walker, 2002; Egan, 2002). Morgan (1997) claims 'leadership ultimately involves an ability to define the reality of others'. Putting this into the context of construction, Constructing Excellence (2005) highlights the need for client leadership, by claiming that the client sets the tone, vision and expectations for a project, to which the client organisation and industry will follow if effectively led. This statement is closely related to the thoughts of Dunn and Baker (2003), who state that 'leaders should work on the firm not in the firm'. In a construction context this could be translated into the need for leaders to work on the organisation of project stakeholders and not within the complexities of the project itself.

3.2 Style and trait theories

Since the 1950's theorists have applied the process of leadership to management, which provided conclusive data on the style and traits of effective leaders (Cole, 1996). Theories to stem out of this methodology include trait theory and style theory. Trait theory focuses on the quality of the individual and considers this factor as being the determinant of a leadership style (Handy, 1993). Cole (1996) however claims this approach is too focused on the individual. Handy (1993) recognises that this theory may have been effective, as although the means to develop effective leaders were unknown, they could choose and select effective leaders based on their traits.

inconclusion

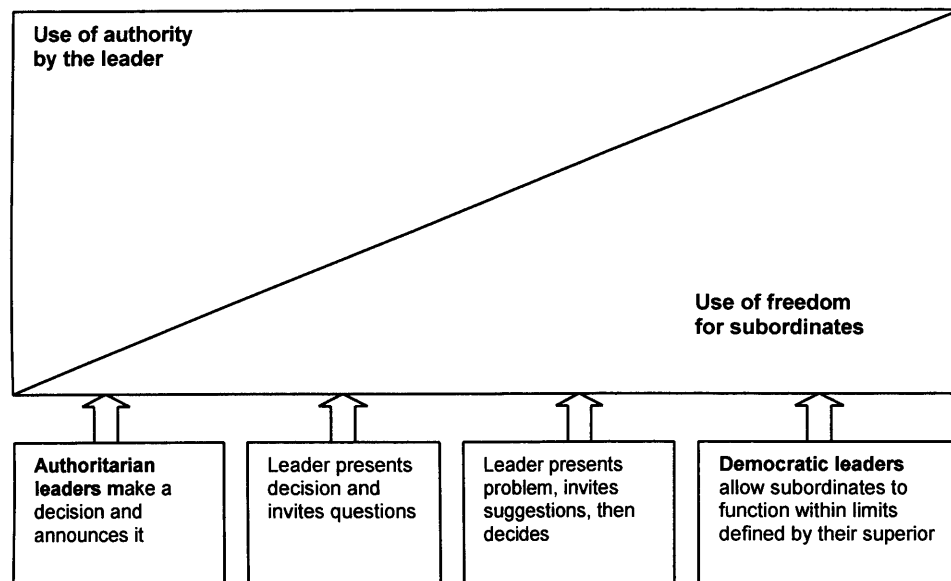


Figure 3.1 A continuum of leadership styles, Sources: Cole (1993); Winch (2002)

Style theory focuses on the behaviour of a leader in a given situation and is most commonly expressed as an authoritarian, democratic and charismatic approach (Cole, 1996; Morgan, 1997; Handy, 1993). The authoritarian leader does not seek information from an organisation and is likely to make decisions on the basis of their own information (Winch, 2002; Morgan, 1997). This style exists where a leader 'tells' or 'forces' an organisation to operate in a certain way (figure 3.1). The democratic leader makes decisions based on their own information, but takes the time to explain to subordinates the reasons for a decision (Winch, 2002). Handy claims that the fundamental difference between democratic and authoritarian leaders is power (Handy, 1993). The charismatic leader is one whereby the individual's qualities inspire and lead an organisation (Handy, 1993). Despite the theoretical utility of style theory, Kotter (1988) claims if one focused on the style and behaviour of a leader in isolation, drawing a conclusion on effective leadership would be very difficult.

3.3 Task and people orientated approach

Style theory not only distinguishes between the authoritarian and democratic leadership styles but also the task-orientated versus people-orientated approaches. The people-orientated and task-orientated approaches have been investigated as the two key variables by many leadership focus groups in the US since the 1950s (Cole, 1996). Walker (2002) reflects on the work of Hersey and Blanchard (1972) and also Blake and Mouton (1978) whose theories stem from the work of contingency theorist, Fielder (1967). Their theories look at the issues of leadership from a high task/low relationship to low task/high relationship approach as depicted in figure 3.2. The above authors also recognise the 'maturity' of an organisation which is being led, in terms of its motivation, ability and willingness to take on responsibility and learn (Walker, 2002).

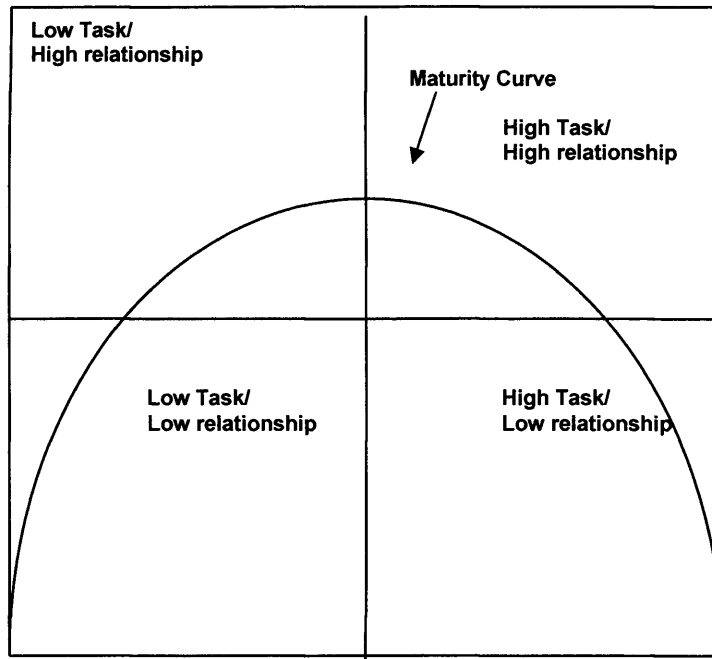


Figure 3.2 Effective leadership styles Vs Group maturity, Sources: Hersey & Blanchard (1972); Blake & Mouton (1978); Gilbert (1983); Walker (2002)

Walker (2002) outlines the use of the diagram 3.2, with the guidance of Slevin (1983) who used it follow to trends of leadership styles;

- Top, left identifies the autocratic approach
- Top, right identifies the consultative approach
- Bottom, left considers the participative approach
- Bottom, right considers the 'shareholder manager' approach. This approach is considered bad management as there is no information and group authority.

3.4 Contingency theories

Adair (1973) was the first to advocate a concept of leadership in the context of contingency theory (Cole, 1996). Adair (1973) concentrates on the behaviour of a leader (rather than his or her personal traits) at a given time and on what the leader 'does' rather than how he or she is. Adair (1973) distinguishes the individual from the group and the task, and considers these three issues as key variables in the 'functional model of leadership' (Cole, 1996). Cole (1996) claims that this approach brings us closer to the concept of leadership in contingency theory.

The functional model highlights the three way relationship between the task, group and individual and relies on a flexible style of leadership. The model also urges the leader to identify key priorities. For example, should urgent attention need to be paid to a particular

group, the group's needs will be of more priority than those of the individual of the task (Handy, 1993).

Fielder (1967) was in fact the first to label his theory on effective leadership under the heading of contingency theory. The 'leadership contingency model' developed by Fielder (1967) focuses on two key variables (Handy, 1993; Walker, 2002);

- Whether the leader is liked or disliked by the group
- The degree of structure and the definition of the task

Cole (1996) suggests the power and authority of the position as a third variable to be considered by the leadership contingency model. Handy (1993) claims when a task is well-defined and a leader is respected and liked amongst the group, a directive approach will be taken. When a leader is not popular amongst the group and the task ill-defined, a directive approach should also be taken, or the need for leadership becomes obsolete. This style suggests either a directive managing or a task-orientated leader, or contrastingly, a non-directive and human relations orientated leader. Fielder (1967) claims that when a leader is not popular amongst his or her subordinates, but the work of the organisation is well defined, a non-directive approach is most effective (Walker, 2002).

In response to Fielder's approach to defining effective leadership, Jones (2004) notes that Fielder (1996) considers a leader's style to be fixed, this highlights two important issues in the context of the construction client. Firstly, that it is common for individual leaders to move on from their respective posts to other organisations (Kotter, 1988) which can potentially harm the vision and continuity of a project. Secondly, it disregards the problems facing a 'Board' of leaders, a common characteristic of organisations, whereby a mix of leadership styles may exist.

Cole (1996) states that the greatest contribution made by Fielder's model is the efforts to identify the key variables that influence the role of a leader. Handy (1993) suggests that Fielder's model recognises when a leader should remain distant from the task, group or individual.

Other contingency theories include the situational leadership theory (SLT), which concentrates on the readiness of an organisation and subordinates to follow a leader (Jones, 2004). This theory however disregards the importance of the task and the variables of the external environment. In this case the application of SLT to construction is obsolete.

3.5 The 'best fit' approach

Kotter (1988) believes the requirement for leadership is derived from the 'specific-situation' and effective management often appears to 'fit'. In the case of construction the objectives and therefore end-product of each project are unique, which renders this approach particularly applicable. The 'best fit' approach is highlighted by Handy (1993) who claims 'there is no right leadership style but what best fits a given situation'.

The 'best fit' approach considers the following factors (figure 3.3) and also how the organisation will react to the following variables;

- the preferred leadership style of the leader
- the preferred leadership style of subordinate
- the task involved
- the environment

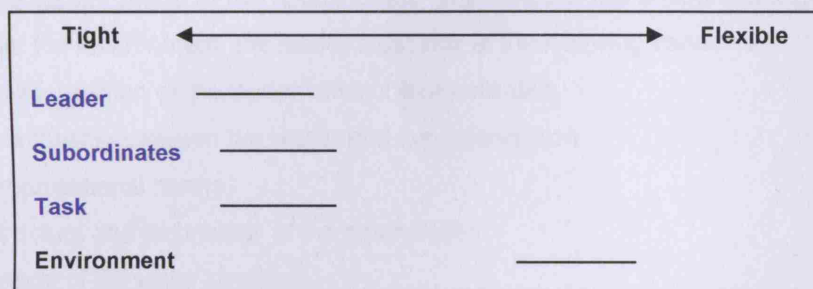


Figure 3.3

The 'best fit' approach, Source: Handy (1993)

In this model each variable is positioned in line with either 'tight' or 'flexible' leadership approaches. Handy (1993) notes it is common for all four variables to tend towards either the 'tight' or 'flexible' leadership approaches.

Criteria which assist in identifying the nature of the first three variables are set out by Handy (1993), as follows.

The nature of the leader depends on their;

- value system, in terms of the position, organisational efficiency and subordinate satisfaction
- confidence in subordinates
- habitual style and the requirement of his/her contribution to the organisation
- need for certainty
- the degree of stress

The nature of the subordinates depends on their;

- confidence in terms of their competence and intelligence
- contract with the organisation
- interest and involvement with a particular situation
- need for certainty
- past experience
- culture

The nature of the task depends on the;

- type of task involved, whether it involves decision making or implementation
- time-scale
- complexity of the task
- importance of the task

All of these factors relate to the nature of the final variable, the environment (Handy, 1993).

To consider the environment, the leader must look at the following variables;

- The power position of the leader within the organisation
- The relationship between the leader and the organisation
- The organisational norms
- The structure and technology of the organisation
- The nature of the tasks involved
- The diverse nature of the organisation

3.6 Leadership in the client coalition

Kotter (1988) claims that leaders who are traditionally positioned at the high levels of complex organisations may be at times faced with overwhelming challenges and extreme uncertainties within the external environment. In the context of construction client organisations, these challenges are coupled with numerous stakeholder objectives and potential conflicts of interest. In relation to this, Kotter (1988) adds that leadership is increasingly important at many levels of an organisation. For this however to be effective, each level must maintain the same principles in terms of;

1. A vision, comprising the interest of all groups and people involved
2. A strategy to achieve this vision, which accommodates the needs of the internal organisation and external environments forces
3. A resource base with sufficient power to implement the strategy
4. A organisation that is motivated and committed to the vision, that provides the human resources as set out in item three

Winch (2002) echoes the views of Kotter (1988) by recognising that leadership is required at three levels in a business organisation;

- Leadership of the organisation as a whole
- Leadership of the principle divisions of the organisation
- Leadership of the various working units within an organisation

In the application of leadership to the subject of project management, Winch (2002) draws on the leadership of the two higher levels of an organisation stated above. Winch (2002) also draws on the variables resembling those of the 'best fit' approach. Leadership is also highlighted as a unique challenge in the context of construction, as the projects may be of considerable size and spaced apart geographically or in time (Winch, 2002). Other variables include the various levels of skill and organisational cultures and the amount of stakeholders involved. Constructing Excellence (2005) claims effective client leadership is imperative in the success of construction projects, as the client assumes the role of patron, therefore setting the tone and outlining the vision of a project. The '2012 Construction Commitments' (appendix A) claims client leadership plays a central role in successful project delivery and clearly sets out the areas under which a client should seek to lead.

3.7 Accountability in the client coalition

The opening statements of CABE's 'Client's Guide to Construction' (2003) makes the importance of accountability in construction profoundly clear; 'you must have a client and it does not matter how expert that client is; that client has to be single minded, must be a patron and must not be a substitute or a committee. He or she has to be the individual in the organisation who has the authority, the vision and the financial muscle to make the project happen'. This comment echoes the thoughts of Dunn and Baker (2003) who highlight the need to identify who is essentially responsible and accountable for an organisation. It is often presumed within organisations that those who lead are those who are invariably accountable; however this is not always the case.

Dunn and Baker (2003) claim multi-member Boards such as those found in professional services (and construction client) organisations do not provide adequate leadership as 'leadership is not based on consensus'. The two key disadvantages of overseeing Boards are that no one individual is accountable (which becomes very apparent in a time of crisis) and that decision making is slow (Dunn and Baker, 2003). To highlight this issue Dunn and Baker (2003) draw on a useful analogy; that a slave with three masters is a free slave. When reflecting on the comments made by CABE (2003), Stansfield Smith (2004) comments that finding a single accountable figurehead in a public sector project is impossible due to diverse political agendas and financial restraints.

To accommodate the bold statements made by CAGE (2003) and Dunn and Baker (2003), it is suggested by Constructing Excellence (2005) that there is a need to focus on transformational rather than transactional leadership.

Transformational leadership theory is based on the need to inspire a group (Jones, 2004). However, transactional leadership focuses on predetermined goals and the necessary leadership required to achieve these goals (Jones, 2004). Charismatic individuals such as Richard Branson of the Virgin Group are drawn upon to exemplify the transformational leader (Jones, 2004). Both genres of leadership should not be considered opposites because as Jones (2004) also states, transformational leadership can be a hugely beneficial 'bolt-on' to traditional transactional leadership.

3.8 Literature appraisal

The need for leadership within construction client organisations is well documented, however as discussed in chapter two, the diversity of clients renders the application of a particular theory to all construction clients very difficult to achieve. The necessity and benefits associated with effective client leadership have been identified as key to the successful outcome of projects (Egan, 2002; CAGE, 2003; Constructing Excellence, 2005).

A review of this literature suggests a potential need for a visionary patron to oversee construction projects from the client-side. This patron would remain distant from the construction project, but maintain an independent interest in the objectives of all stakeholders, thus providing unbiased and effective leadership.

Section 3 - Methodology

Chapter 4 - Research Methodology

4.1 The research topic

This research study looks at the industry's perception of the need for leadership within the multi-faceted construction client. The high-profile Olympic client coalition is first examined through the lens of the soft systems management approach to allow all variables affecting the efficiency and effectiveness of the organisation to come to the surface (see figure 5.3). Subsequently key variables are identified and discussed in the context of leadership theory. The study aims to develop an understanding of current industry perceptions and practices in terms of client engagement and the way in which leadership within the client organisation can affect the successful outcome of a project. It will also investigate existing theories and literature on classical management, soft systems and leadership theory, whilst drawing on relevant existing literature on the construction client organisation.

4.2 The problem

This study seeks to improve the Industry's grasp of organisational and systems theory when considering the multi-faceted nature of construction clients, and the consequential need for leadership.

Classical theory has been the traditional approach advocated for the categorisation of construction clients by the Industry and this has prevented it from learning more about its diverse client base. However in more recent years academia has advocated the need to look beyond the boundaries of classical theory. Using systems and contingency theories, academia began to focus beyond the boundaries set out by classical theory and to consider the organisation as a living and changing organism. Systems theory can assist the Industry in investigating the range of principles and objectives of each stakeholder and the external forces affecting a project. Leadership is used to channel these variables in a consistent and focused direction, so as to assist the supply-side in driving a project forward. The Industry has identified effective client leadership as a variable with significant affects on a construction project. More recently the Industry highlighted the considerable need for effective leadership in the run up to the 2012 Games, considering the size and complexity of the project.

4.3 The research question

Does the industry seek to gain an understanding of the multi-faceted construction client and the need for effective leadership beyond boundaries set out by classical management?

4.4 General Method

4.4.1 Case Study

The chosen client organisation for investigation is the Olympic Client coalition which comprises the International Olympic Committee (IOC), the Olympic Board, the Olympic Delivery Authority (ODA) and the newly appointed private sector Delivery Partner consortia appointed by the ODA. The timing of this study coincides with the recent finalisation of the complete formation of the client structure and also the early stages of the project. This early stage is typically when the Industry first seeks to gain an understanding of the client. By gaining a thorough understanding of the client organisation commissioning the work for this high profile and lengthy project, the industry will be given an indication of the need for more in depth analyses of the Industry's client organisations. Undertaking a case study on the Olympic client has allowed the researcher to magnify well-known construction variables within the client organisation due to the high-profile nature of the project. Although the composition of this client may be unique, it may not be dissimilar to the make up of more typical Industry clients commissioning projects.

4.4.2 Primary Research

Framework

Primary data on the topic has been collated through the means of a questionnaire (appendix B). Due to the nature of the topic, it is most appropriate to structure the questionnaire so as to obtain qualitative data in contrast to quantitative data. This method allows the researcher to discuss the opinions of respondents in respect to the intangible issues which the subject matter comprises. This research topic does not require a mathematically calculated end result; however the qualitative data provides fuel for a rigorous debate on the research question.

Questionnaire structure

The questionnaire required participants to comment on the Industry's current approach to the client organisation in a broad sense. The questions examine issues such as the client's internal and external variables, inter-organisational relationships, organisational resources, leadership and accountability. The final questions focus on the need for leadership and the issue of accountability.

Respondent profile

To investigate the industry's understanding of the Olympic Client, the researcher drew on the cooperation and response of the Strategic Forum 2012 Task Group. The Task Group comprises key industry figures representing the complete supply chain, industry professionals, Government and the client, all committed to industry improvement. The proximity of the Group to the activities of the Olympic client, coupled by their individual expertise and experience ensured an informed response to the questionnaire.

4.4.3 Secondary Research

The researcher was involved in discussions on Olympic construction strategy with government and industry during the development of the Strategic Forum's '2012 Construction Commitments', which was compiled between October 2005 and July 2006 (Appendix A). Therefore generic research on the organisation has informed the report and also laid the foundation on which it stands.

4.5 Scope of the study

This investigation sets out to achieve an industry view and interpretation of the Olympic client structure, thus providing evidence of the current Industry approach and subsequent understanding of the complexities of the client structure. To allow for the thorough study of a particular client structure means limiting the study to one particular client organisation, the Olympic client coalition. Primary information collected by the researcher will be analysed in line with effective theoretical approaches to the construction client organisation and leadership.

The following chapters look at the organisation in two sections. The first chapter will consider the multi-faceted client in the context of its internal and external environment, with simultaneous focus on the objectives, roles and resources of each stakeholder (Appendix C). The following chapter will focus on the effective application of leadership to two key levels within the organisation; both the strategic and the operational levels. The 'best fit' approach will be primarily applied to each level of the organisation, with reference to other leadership theories discussed in chapter three. The last part of chapter six will then consider the issue of accountability in relation to the current leadership structure in place.

The reader is asked to remember that the Olympic project is at an early stage and therefore much of the researcher's conclusions will be speculative.

Section 4 – Industry response and discussion

Chapter 5 - The structure of the Olympic client coalition

5.1 Introduction

It proved a general consensus amongst industry and client research participants that it is not common practice for the construction industry to undertake in-depth analyses on client organisations. Stakeholders suggested that most contractors and many consultants are task and process focused and do not seek any involvement in client-side issues. These comments reflect those of Winch (2002) and Walker (2002) and confirm that the classical management approach remains prevalent in the Industry. However Industry participants recognised that in order to achieve best results for clients it is essential to understand client-side issues and work with the client organisation to resolve issues that may arise as a result of diversity and complexity in the client organisation, as advocated by SSM.

Stakeholders also believe the Industry prefers to communicate with a single client point of contact within the client organisation and assumes all client-side issues are managed through this point. Reading into this belief, it is therefore assumed by the Industry that the appointed single point of contact is aware of all issues originating both within the client organisation and also external factors that may affect the outcome of a project. However, this is not always the case (as discussed in chapter three), particularly with uninformed clients and parties such as some local authorities. A similar comment raised was the failure on the Industry's part to distinguish between the central client and related stakeholders, the result of which does not assist in the problematic issue of inadequate briefing. A key participant states that construction industry supply-side organisations are only likely to know about the capabilities of their client if they are professional or repeat clients.

Since construction client organisations stepped into the limelight in the early nineties, Industry has been accused of not realising the client's needs in the finished product. Similarly the Industry has accused clients of not assessing their own needs adequately and subsequently poorly communicating them to the supply-side. The question is whether the industry is prepared to take on this responsibility.

In other industries, client and market research is considered key in meeting the needs of clients, however many of these industries do not provide tailor-made products and services as in the construction industry. It is therefore the duty of the Industry, as one that must recognise the individual needs on terms of the product and service a client may require. Particular attention needs to be paid at the early stages of a project, not just the construction period,

with specific attention to briefing in order to tease out issues that the client may otherwise not recognise to be of importance.

The role of the supply-side organisation and the nature of the relationship between the client and the supply organisation was an issue also raised by participants. If the supply organisation and the client organisation are to have a close working relationship, or indeed that particular supply organisation has been commissioned to provide strategic advice to the client, participants believed that understanding the client's organisation is 'beneficial'. The researcher however believes that the substance of this statement is insufficient, as the provision of an informed service means it is the responsibility of the supply organisation to go beyond classical barriers and enter the world of the client organisation; this is fundamentally the service the client is buying. Therefore it is essential for the supply organisation to understand the components and stakeholders of the client's organisation, to fulfil the job it has been commissioned to fulfil.

However, if the supply organisation does not have a direct role with the client organisation (for example a contractor may have no direct contact with a client because they have been asked to tender by an architect), they will not reap the benefits associated with integration and a 'team' approach to construction. The integrated approach helps the entire supply-side to become aware of key issues, not only originating from the client-side but also the supply-side, as highlighted by Latham (1994). In a scenario where the client is a small or one-off client such integration is difficult to achieve and at times not necessary as enforcement and monitoring is difficult. However with ongoing work to increase the level of integration within a fragmented industry, improvements on this front can only be made. Participants suggest this approach to the client organisation demands the Industry to improve their skills and experience of working with clients.

A number of research participants conversely highlighted that the construction industry is not always at fault. Project circumstances and priorities can also infringe on the development of a close relationship with the client. Issues such as time and budget may often have a negative effect on client and industry engagement. During the briefing stages the client may have requested expedient delivery or indeed the adherence to a restricted budget and therefore the time required to analyse the client organisation is limited due to project priorities as set out by the client. As these issues are traditionally of key importance to the client and the Industry, it is therefore the responsibility of the Industry to educate clients of the benefits and added value to be derived from stakeholder engagement, which is depicted in figure 5.1 - quality.

As highlighted by a client participant, the lack of interaction between the client organisation and industry can also be the fault of the client. Clients are frequently sensitive regarding

information within their respective organisations, with financial information being the most obvious example.

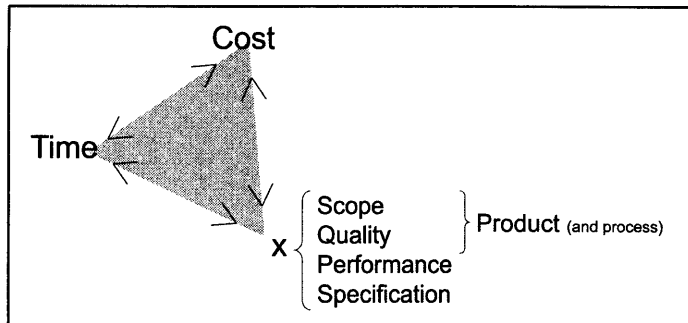


Figure 5.1 Golden triangle of project management, Source, Morris (2003)

It was also suggested by participants that financial data is not always the only reason a client organisation may wish to withhold information from the supply-side. It may also conceal its structure so it can in turn utilise the lack of knowledge on the supply side to transfer risk, for example using 'off the shelf' companies. In light of this, it is the researcher's belief that integration, trust and communication are the only mediums for industry improvement. And transparency is 'a good thing'.

A key issue raised in this section was that of the industry's reliance on a single point of contact within the client organisation. As it is the researcher's objective to emphasise the importance of understanding the dynamics of the overall client coalition, it is important at this point for the reader to gain a brief insight into the Olympic client coalition, in terms of structure, hierarchy and authority. Once this has been achieved, one can then look at the more complex issue of leadership.

5.2 Olympic client structure and stakeholder roles

The hierarchy of the overall collation is clearly set out in figure 5.2. It depicts the overall structure of the Olympic client coalition as set out by the Olympic Delivery Authority (ODA) and the London Organising Committee of the Olympic Games (LOCOG). The researcher will briefly discuss each stakeholder with reference to the supporting secondary research material which can found in Appendix C.

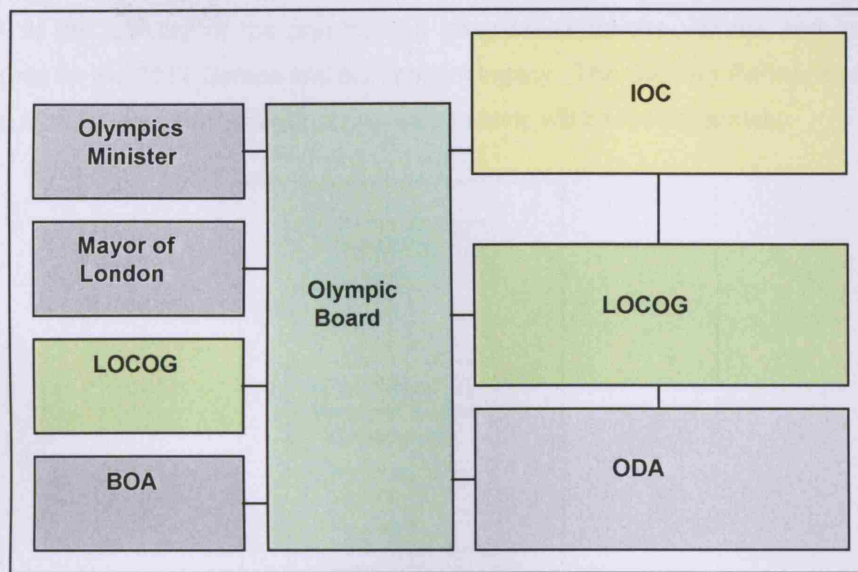


Figure 5.2

Olympic Client Structure, Source LOCOG/ODA (2006)

- In the summer of 2005 the International Olympic Committee (IOC) commissioned the City of London to host the 2012 Games. The IOC has granted London the powers to oversee preparations of the Games through the Olympic Board, which was sent up in response to the winning bid in July 2005.
- The Olympic Board's role is to provide a strategic overview of overall preparations for the Games as the subsequent legacy. The main source of Olympic finance also originates from the members on the Board; Government, the Mayor of London and the London Organising Committee of the Olympic Games (LOCOG). The Olympic Board is supported by LOCOG and the Olympic Delivery Authority (ODA), the two organisations that have been assigned necessary tasks that need to be fulfilled.
- LOCOG will concentrate on the three week show itself and the ODA is responsible for the delivery of the buildings and infrastructure required.
- The ODA also incorporates the role of the Olympic Transport Authority and works alongside the Greater London Authority (GLA) and the London Development Agency (LDA). The ODA is responsible for the delivery of the building and infrastructure facilities for the 2012 Games and a lasting legacy.

To discuss the Olympic client coalition in the context of construction, the researcher has adapted the structure of the overall organisation (figure 5.3), highlighting organisations with a direct interest in construction. The structure depicted in figure 5.3 also begs the inclusion of the Delivery Partner as the interface with the industry. The research questionnaire presented to industry participants was based on this structure.

- The Delivery Partner will fulfil the role of project manager and work in partnership with the ODA in the delivery of the construction programme for the venues and infrastructure required for the 2012 Games and subsequent legacy. The Delivery Partner's role however is not to build venues or infrastructure, as contracts will be led separately.

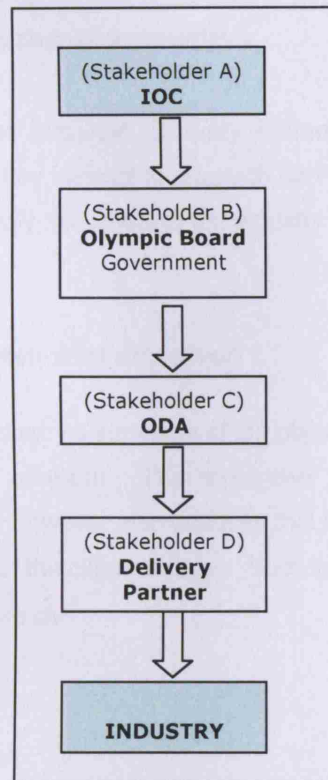


Figure 5.3 Olympic Client – construction focus

5.3 Organisational relationships within the Olympic client

The relationships within the hierarchy of the client coalition, perceived by the industry, are as follows;

- The industry considers the Olympic Board as the organisation providing the over-arching vision, governance and parameters, budget and financial controls. The relationship between the Olympic Board and the ODA is considered one of key importance. Participants highlighted the need for both units to work in a steady state of co-existence to ensure all objectives are achieved.
- The relationship between the ODA and the private sector Delivery Partner is considered a close reflection of the relationship between the Olympic Board and the ODA, however with a more practical 'edge'. The relationship was also considered by participants to be a

partnership, with the composition of the ODA as that of a 'thin client' (whereby the organisation will outsource most of the skills required to meet their objectives) and with the Delivery Partner acting as a fully integrated partner. It was noted that the ODA provides the necessary funding for projects through the funding streams of the Olympic Board (see Appendix D). The relationship between the ODA and the Delivery Partner is based on the Delivery Partner's performance and is subject to penalties and rewards as set out in the contract between the two partner organisations.

- The relationship between the ODA, Delivery Partner and subsequently the construction industry proved to be of key interest to research participants, as both organisations will be the interface and effectively 'the' client to the industry.

5.4 Olympic client stakeholder objectives

Appendix E provides the Industry's summary of the objectives and external pressures of each unit of the Olympic client coalition. The researcher recognises key common objectives shared by all organisations, however also deduces that these objectives lie on different levels of each organisational unit of the client coalition. Such common objectives include;

- A successful Olympic Games
- A lasting legacy
- A positive reputation
- An eco-conscious Games

These objectives could be considered of too high a level to translate into 'meaning' on an operational level. In reference to figure 5.4, one also can assume that each client organisation has another tier of stakeholders to satisfy in their own right, namely voters, the general public (as residents and taxpayers), government departments, diverse pressure groups, the industries involved, and of course the National Audit Office and HM Treasury. In spite of these differences each organisation must co-exist as a result of structure, resources, common objectives and also legislation; it is here that the issue of effective leadership arises.

To investigate the issues of leadership within an organisation of such diverse objectives, functions and cultures it is essential to examine effective leadership in the context of (Kotter, 1988; Winch, 2002);

- Leadership of the organisation as a whole
- Leadership of the principle divisions of the organisation

It is hence important to understand the objectives, resources and external pressures of each level of the organisation. The researcher has segregated the strategic objectives understood by industry to be of those of the Olympic Board from the operational objectives of the ODA

and Delivery Partner as set out by industry participants. A summary of each set of objectives is outlined below in figure 5.4;

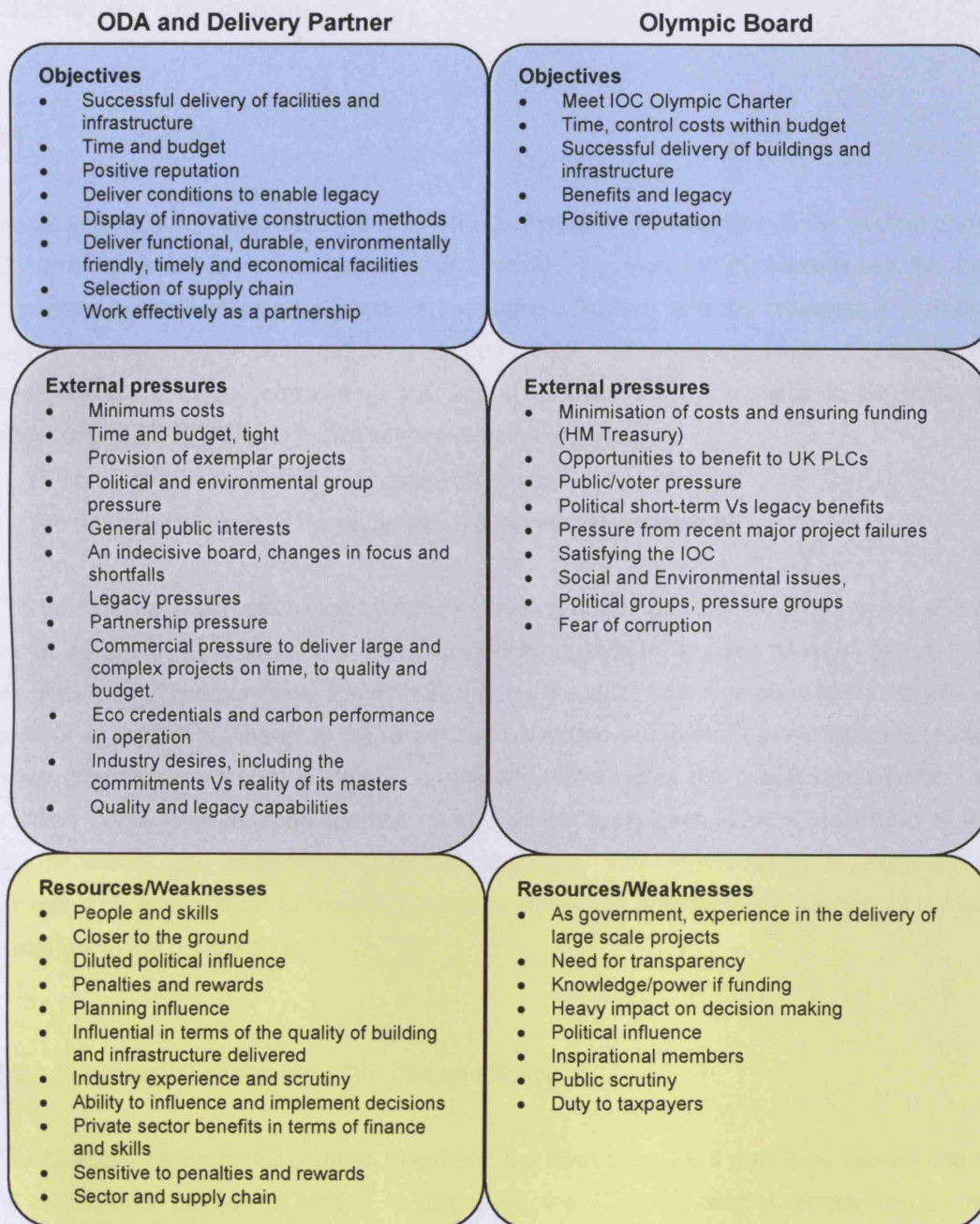


Figure 5.4 Industry perceived stakeholder variables

Chapter 6 – Leadership

6.1 Introduction

Industry participants were asked to comment on the issue of leadership in the context of the Olympic client coalition. Leadership was identified by industry participants as the key ingredient in the quality and success of the Game's facilities and the provision of a lasting legacy. The vision to be achieved in the run up to the 2012 Games was believed to be shared and understood by all participating stakeholders. However for the vision to be achieved leadership must be effective in two key levels of the organisation;

- The organisation as a whole (Strategic leadership)
- The principle divisions of the organisation (Operational leadership)

The 'best fit' approach discussed by Handy (1993) is a methodology which considers all key variables and helps to identify an effective leadership style for a given situation (figure 3.4). As discussed in chapter three, Handy (1993) notes the lack of consideration to the leadership style of an individual. Therefore the researcher will endeavour to include this additional factor when considering effective leadership on the two levels within the overall organisation. In addition to the 'best fit' approach, the researcher will apply each level of leadership to the task-orientated and relationship-orientated approach. This methodology is expected to provide a clear distinction between the required leadership approaches in respect of the two levels within the organisation.

6.2 Strategic Leadership - The Olympic Board

The strategic nature of the Olympic Board and the level of power it maintains causes one to be certain of its position as leader. As discussed, the Olympic Board is represented by five key stakeholders; the Olympic Minister and Secretary of State residing at the Department of Culture, Media and Sport, the Mayor of London, the British Olympic Organisation (BOA) Chairman and the London Organising Committee of the Olympic Games (LOCOG) Chairman and oversees the work of LOCOG and the ODA.

6.2.1 The Olympic Board as leader

To illustrate the importance of effective client leadership, research participants drew upon the vital lessons to be learned from the failure of the Scottish Parliament project. This project suffered as a result of an inconsistent client representation and objectives, a product of the transient nature of politics. As the Olympic Board comprises a similar member representation, the potential of any changes to the composition of the Board may expose the Olympic project to similar risks of project failure.

Research participants also identified the potential for conflict between individual leadership styles of each member/leader of the Olympic Board. Research results show however that participants believe this could also be highly effective, as members representing varied interests maintain a common commitment to the objectives as set out in 5.4, so it is therefore essential that the composition of the Board remains consistent for the next six years. The composition of the Board may mean a diverse range of objectives can be achieved whilst maintaining a consensus on common objectives and leading accordingly.

Conversely, some participants believe diverse leadership styles may also promote fragmentation within the leading body and therefore jeopardise the overall vision. It is believed by a key industry participant that achieving effective leadership may be difficult with the involvement of so many different stakeholders, agendas and priorities. The Olympic Board has overseen the development of the Olympic client coalition, and as discussed has appointed the ODA the responsibility of delivering the required facilities for the Games and subsequent legacy. Similarly an equally competent LOCOG has been granted the responsibility of overseeing the duties necessary for the three week 'show'. Therefore the organisational efficiency and degree of stress within the overall organisation can be considered satisfied, when considering the appointment of competent subordinate organisations. The contribution of the Olympic Board in terms of skilled input is minimal as a result of this.

The Board's contribution in terms of vision is however critical. As a multi-stakeholder leader, the need for certainty is of great importance, due to the need for consensus in the activity of decision-making (Dunn and Baker, 2003). Should the Board be faced with a particular situation which requires the input of all members, it may prove a lengthy process for a decision to be achieved. As the Olympic project is at a very early stage, the intricacies have yet to be revealed and therefore this issue may prove of great importance in the future.

6.2.2 Subordinate organisations to the Olympic Board

The leadership required by subordinate organisations requires that the Olympic Board have the ability to concentrate on other variables. The competent ODA has been granted substantial responsibility and this allows the Olympic Board the potential ability to lead from a distance. However one key aspect raised by the 'best fit' approach considers the past experience of subordinates. The ODA and Delivery Partner do not have the luxury of past experience and therefore strong guidance from the Olympic Board may be needed. Additionally, due to the nature of construction and the tasks that lie ahead, there is a high degree of uncertainty involved. Although, the competence of the ODA and Delivery Partner suggests they are in a better position to deal with this task-orientated uncertainty. Despite this, the Board may feel the need to interfere on occasions causing the ODA to adhere to the Board's direction.

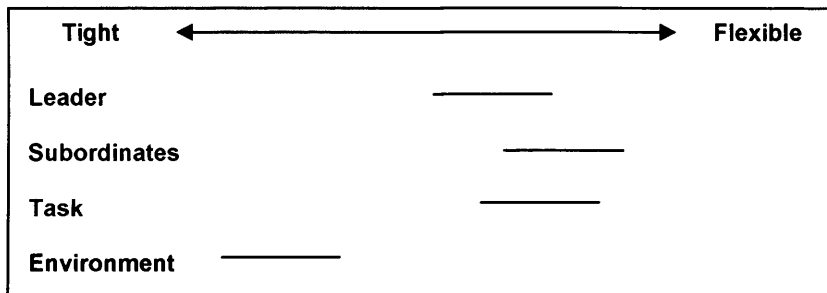
6.2.3 The task and the Olympic Board

To consider the task involved in relation to the role of the Olympic Board, one can easily assume the Board maintains the role of decision-making rather than that of implementation, as the complexity of the task will be managed by the ODA. However the importance of the Olympic task requires substantial and obvious input from the Board when considering the external pressures it faces. The tight time-frame associated with preparations for the 2012 Games also suggests the multi-stakeholder Olympic Board should remain distant from the project and maintains its role as the strategic leader.

6.2.4 The environment and the Olympic Board

In the context of environment conditions, the Olympic Board may need to become more involved in the organisation as a leader figure. Key external forces include funding pressures, the general public and voter pressure, special interest and pressure groups, recent major project failures and potential corruption. The Olympic project is an extremely high-profile project and therefore under threatening scrutiny. It is therefore the Olympic Board's duty to remain informed and subsequently on top of the activities of the overall organisation.

6.2.5 Strategic leadership 'best fit' for the Olympic Board



The researcher can therefore conclude the following summary in line with the 'best fit' approach to effective leadership. The Olympic Board as a flexible leader should consider the external environment and its pressures a priority, and although remaining involved in the activities of the organisation, it should maintain a sufficient distance from both the subordinates and the task. Therefore the role of the Board should be more concerned with the overarching strategy and its ability to manage forces originating from external environment.

To conclude, the researcher considers that a democratic leadership approach should be taken by the Board, causing the members to respect the input of the competent and motivated subordinate organisations in the process of decision making. Discussions surrounding the leadership approach also suggest that the leadership of the Board should ideally take a relationship-orientated rather than task-orientated approach, and a non-directive and autocratic style of leadership (refer to figure 3.2).

6.3 Operational leadership – the Olympic Delivery Authority (ODA)

The ODA will work alongside the Delivery Partner to fulfil the Olympic project and reports to the Olympic Board, and more specifically to the government representative, in relation to budget and costs. This level of leadership is of great interest to the construction industry. This has offloaded a lot of risk onto the private sector due to the structure of the ODA, as a 'thin' organisation and has subsequently exposed the private sector Delivery Partner to enormous pressure from the industry. Due to the transfer of risk, responsibility has also been offloaded and therefore the influence of the Olympic Board on the Delivery Partner is minimal, due to the distance between them. It is therefore essential that the ODA translates the strategic objectives of the Olympic Board into operational 'meaning' and instils them into the culture of the Delivery Partner.

The recently developed 'ODA Procurement Policy' has provided for the effective translation of the strategic Olympic brief. Within this Policy, the ODA outlines its expectation of the standards the industry is required to meet and additionally the commitment it will make in assisting in the demonstration of the UK construction industry as a world-class industry. It is the responsibility of the ODA to ensure the commitments within the Policy are adhered to and subsequently the duty of the Delivery Partner to exercise these commitments.

6.3.1 The ODA as leader

Leadership required at an operational level differs to that required at a strategic level. The position of the ODA as the leader of this level is complimented with a 'hand selected' and competent team. With the appointment of a sophisticated private sector Delivery Partner, the ODA will benefit from private sector construction expertise; the appointment however also creates the issue of diverse cultures. Subordinate satisfaction and competence can be easily assumed as very positive, due to the status of the project and therefore the satisfaction of subordinates working on such a high-profile and unique project. The ODA and the Delivery Partner will face challenging circumstances of uncertainty, however with the distance placed between their partnership and the Olympic Board; they can tackle such circumstances in a swift manner.

6.3.2 Subordinate organisations and the ODA

The partnership of the ODA and the Delivery Partner at first appears to require a flexible approach to leadership due to the diverse cultures of each organisation. The ODA is a public sector agency working under the scrutiny of government and contrastingly the Delivery Partner is a private sector organisation accountable to no other organisation than its own. The expertise of the private sector Delivery Partner allows for adequate confidence as a subordinate, however it also requires tight leadership in order to ensure both organisations are aiming for the same objectives (figure 5.4).

The Delivery Partner has been contracted to meet the needs of the ODA through a contractual agreement and therefore the ODA's confidence in terms of the interest and involvement of subordinates can also be assumed as strong. The Delivery Partner has also been appointed on the basis of its expertise and compliance with the ODA's 'Procurement Policy'; an operational version of the overarching strategy maintained by the Olympic Board.

The Delivery Partner is also well acquainted with circumstances of uncertainty in the context of construction due to the nature of the organisation's expertise, an issue from which the

recently developed ODA can benefit. However transferred risk and the profile of the project may cause the Delivery Partner to operate with more caution. The ODA as an agency of the Olympic Board needs to maintain a high level of certainty so as not to provoke the pressures of external stakeholders. And due to the nature of the contract between the ODA and Delivery Partner, the researcher can assume tight leadership is needed in consideration to these variables.

6.3.3 The task and the ODA

The construction tasks to be undertaken to meet the needs of the 2012 Games and the ensuing legacy is a complex project and can essentially be divided into two separate 'tasks'. However for the ODA to meet the requirements of both aspects of the 'task', a fusion of the two sets of complex objectives is required to meet the short term objectives of the 2012 Games and the long-term objectives of the subsequent legacy. The time scale in which the ODA and Delivery Partner must fulfil their responsibilities and meet their objectives is tight when considering the enormity of the task.

The ODA and Delivery Partner have the unique responsibility of selecting an effective and efficient supply chain. The principles under which the supply chain must function are outlined in the ODA 'Procurement Policy' and the '2012 Construction Commitments' (appendix A). The close monitoring of the supply chain is key in ensuring that principles laid out by the Procurement Policy such as quality in design, the commitment to the welfare of the construction workforce and sustainable facilities are implemented by the Industry, as the Olympic client coalition cannot be seen to employ organisations that ignore these critical issues.

Predominantly the role of the ODA, as a leader in isolation, is focused on decision making, however the intimate partnership between the ODA and the Delivery Partner causes the ODA's leadership skill requirements to also be those of implementation.

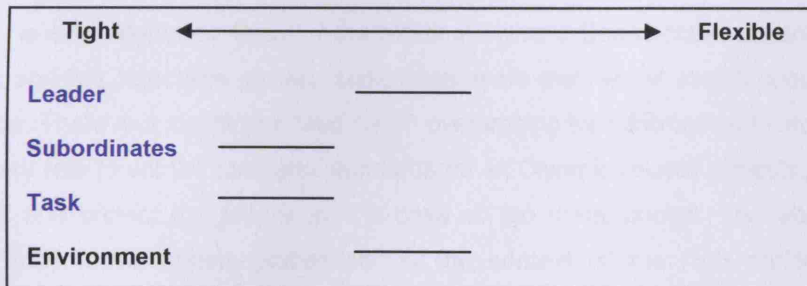
6.3.4 The environment and the ODA

As the ODA is the interface and the 'reality' of the Olympic project from a government perspective and also the interface with the construction industry, the environment in which the ODA operates will be significantly challenging. The ODA will receive pressure from the construction industry on issues such as innovation, value, modern methods of construction and eco-awareness (appendix A), whilst being similarly obliged to adhere to financial pressures exerted by government and other funding streams.

Participants drew attention to this issue of finance whilst highlighting the importance of value in term facilities for the Games, but more specifically the legacy. Industry has called for the ODA and related organisations to focus on a 'best value' approach to construction in contrast to 'lowest price' to ensure London and the UK derive maximum benefit form the Game's facilities. The ODA can be expected to be nervous, considering the political reality in which it must function, requiring adherence to the budget in respect of government and the Tax Payer. This is an issue the Olympic Board may prove reluctant to address as the membership of the Board predominantly originates from the public sector. As a result of this the ODA must operate under considerable pressure to meet the needs of these conflicting messages. In relation to this, the Delivery Partner has a responsibility to their own organisations respectively to ensure their estimated profit margins are achieved.

The need for the ODA to pay close attention to the external environment is of an equal importance to that of the Olympic Board, however in contrast to the Board, the ODA must also contend with the immediacy and proximity of the task and the construction industry. The leadership of the Olympic Board will have direct effects on the ODA and subsequently on the Delivery Partner, therefore in order for the ODA to function efficiently, the Board must minimise strategic uncertainties, thus reducing the need for time consuming decision-making and enhancing the ODA's position within the external environment.

6.3.5 Operational leadership 'best fit' for the ODA



Due to the nature of the task and the numerous stakeholders involved, leadership must be flexible. Priorities for leadership at operational level should concentrate on the 'task' and diverse subordinates involved, therefore taking a 'tight' leadership approach. The need for leadership on external issues, though of great importance, is not a priority in contrast to other variables. Should the Olympic Board consider the environment effectively, as set out in 5.4, the ODA and Delivery Partner can thus concentrate on the task in hand. The leadership of the ODA should therefore take a task-orientated approach, in a directive style, whilst incorporating the opinions of the Partner through consultative leadership (refer to figure 3.2).

6.4 Accountability and vision for the Olympic project

"In general it could be seen that 'leaders' should be held accountable for those activities that they are responsible for, however this could promote fragmentation in the Olympic 'client'. Possibly all key leaders in the delivery of the Olympics should be held jointly accountable, which may promote an integrated approach, but this depends on whom they are accountable to and how that is assessed."

The above response and the response of many research participants suggests the need for a single accountable figurehead for the Olympic project as there is no clear evidence of a single leader or patron. However other participants considered the ODA as very clearly responsible and ultimately accountable for the construction of the Games. Considering the composition of the Olympic Board, further participants believed a more strategic leader than that of the Olympic Board was needed.

Participants also raised the issues of leadership and accountability in the context of public sector projects such as the Olympic Project and highlighted that an individual point of responsibility is impossible to achieve owing to the diversity of political agendas, thus echoing the sentiments of Stansfield Smith (2004). The need for an overall figurehead reflects the objectives of transformational leadership. This approach to leadership has not been discussed until this point as there is no evidence of such an approach in the current composition and approach of the Olympic client coalition.

Therefore, a clear leader or Chair of the existing Olympic Board could ensure all strategic objectives and the objectives of each stakeholder were met, whilst simultaneously providing governance. There is a significant need for an overarching transformational leader to take on the visionary role to set the tone and standards for all Olympic related projects, encourage a team spirit and protect the project from a case of 'too many cooks'. The lack of such an individual may prove hugely problematic in the context of the high profile and tightly programmed Olympic projects. Should a crisis occur, one single member of the Olympic Board may come forth and assume the role of primary leader; however this remains to be seen.

Chapter 7 – Conclusion

7.1 Understanding the organisation

The researcher set out to first examine the depth of the construction industry's understanding of the client coalition and more specifically, the Olympic client coalition as a multi-faceted organisation. The subsequent report sought to investigate the Industry's consideration of the variables and organisational relationships affecting client leadership. Research proves that the Industry may acknowledge the nature of the client organisation in a token fashion. However it continues to concentrate on the task and processes involved throughout the duration of a project, whilst relying on a single point of contact within the client organisation. This single point of contact is assumed knowledgeable and willing to communicate all necessary information to the cross-functional supply team in order to meet the needs of the client coalition. However it is difficult to imagine the supply-side could take such a view. As a fragmented industry, it should recognise diversity within client organisations with specific regard to multiple stakeholders and cultures. As the industry continues to concentrate on 'task' processes, the need for the client to take a leadership role is becoming increasingly apparent.

In the context of the Olympic client coalition, industry research participants appeared overwhelmed by the number of stakeholders involved and found it difficult to distinguish between the roles of each organisation with great detail. This concludes that further investigation and workshops aimed at developing an improved understanding of multi-faceted client organisations are needed. The Industry perceived the Olympic Board/ODA relationship as a reflection of the ODA/Delivery Partner relationship. This highlights a substantial oversight on the Industry's part, as the difference between both relationships is significant and again emphasises the need for Industry to focus on the client issue.

7.2 Olympic client coalition leadership

This study has shown that the environment in which the Olympic client coalition functions is under a significant level of public scrutiny. However this scrutiny is a product of the numerous external stakeholders both indirectly and directly involved in the project. It is advised by the researcher that the Olympic Board deals with externalities to allow the ODA and Delivery Partner to focus on the task itself.

During the discussions on leadership the researcher distinguished between nature of the Delivery Partner and other Olympic client organisations. When outlining the 'best fit' approach for both levels, the issue of culture was raised. This is of key importance to the ODA and Olympic Board, as both organisations represent the public sector, the ODA and the Olympic Board must ensure the Olympic culture and vision is instilled into private sector Delivery Partner, without compromising the added value and the experienced perspective that the Partner can contribute to the project.

7.3 Industry ramifications

The role of the ODA establishes it as the official interface with the construction industry and primary distributor of government Olympic funding. The ODA is therefore caught between two conflicting messages; the 'best value' or 'lowest cost' dilemma, under the scrutiny of both Industry and HM Treasury respectively. Should the ODA stumble on financial strains, resulting ramifications will be suffered by the Industry in terms of a consequential inability to deliver exemplar projects and in addition the potential compromise of their desired profit margins. The researcher has no doubt that this issue will be closely monitored by Industry and the general public as a result of recent overspending on major projects. However the benefits of the 'best value' approach should not be underwritten by the ODA to any degree, as it is would present a clear indication of the avoidance of construction best practice and subsequently effective client leadership.

When considering the tight programme and budget restraints of the Olympic project, the accommodation of innovative techniques in construction appear to be a significant hurdle to be tackled by the ODA. The Olympic Board must have sufficient confidence in the ODA's ability to ensure the level of expenditure matches the quality of the building and infrastructure required to meet the needs of the Games and the ensuing legacy.

The role of the ODA and the Delivery Partner also supplies both organisations with sufficient responsibility to commission the appropriate supply chain organisations. Supply chain organisations will be employed in accordance to their recognition of the principles outlined in the ODA's 'Procurement Policy'. The pressure under which the partnership must carefully select the extensive supply chain required and manage their behaviour, will entail client leadership of the greatest calibre, due to the enormity of the supply chain required and the public nature of the project.

7.4 Ensuring success for the Olympic project

The benefits of clear leadership permeated chapter six. The researcher does not consider the appointment of an accountable figurehead an extravagance for ensuring the success of construction projects, but a mandatory component. Recent major project failures such as the Scottish Parliament project supports this argument.

Industry has drawn on this case to exemplify the potential for inadequate leadership which result from changes in the representation of the Olympic Board. Not only will the composition of the Board prove inadequate in terms of consistency but also inadequate in terms of accountability. It is here that the researcher would strongly recommend the appointment of a single individual to which the Olympic Board could report.

An individual accountable figure, as an independent stakeholder, would also have to ability to ensure incidents of corruption or bribery. Such activities may surpass the Olympic Board as their priorities do not lie solely on the Olympic project.

The researcher would also like to conclude with recommendations for further research in the area of the multi-faceted construction client and application of effective leadership. She recognises that leadership is only one key issue amongst others such as power, conflict and delegation, which also merit further investigation.

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Appendix A

PROCUREMENT & INTEGRATION

A successful procurement policy requires ethical sourcing, enables best value to be achieved and encourages the early involvement of the supply chain. An integrated project team works together to achieve the best possible solution in terms of design, buildability, environmental performance and sustainable development.

- Procurement decisions will be transparent, made on best value rather than lower cost, use evaluation criteria and where appropriate, specialist advisors, whilst encouraging the contribution of smaller organisations
- All members of the construction team will be identified and involved at an early stage, particularly during the design process, and encouraged to work collaboratively
- Supply chain partners will be required to demonstrate their competency, their commitment to integrated working, innovation, sustainability and to a culture of trust and transparency
- To ensure effective and equitable cashflow for all those involved, all contracts will incorporate fair payment practices, such as: payment periods of 30 days, no unfair withholding of retentions, project bank accounts, where practicable and cost effective, and will include mechanisms to encourage defects free construction
- The duties of each project team member will be identified and shared at the outset of the project and appropriate insurance policies, such as project insurance, put in place
- Risks will be clearly identified, financially quantified and allocated in line with each party's ownership and ability to manage the risk
- All contracts will have an informal and non-confrontational mechanism to manage out disputes
- The employment practices of all organisations, including sub-contractors and the self-employed, will be scrutinised by the client and the supply chain to avoid abuses

COMMITMENT TO PEOPLE

Valuing people leads to a more productive and engaged workforce, facilitates recruitment and retention of staff and engages local communities positively in construction projects

- Local employment projects and local training initiatives will be utilised in order to create sustainable communities
- Local communities will be fully involved and engaged from the outset of all projects
- Training and development will be offered to all staff, including the client, to meet individual, project and company needs
- Opportunities for apprenticeships and work experience will be offered
- A policy of equal opportunities will be adopted to encourage a diverse workforce
- Project specific agreements will be established between unions and employers to encourage better employment practices, including training as well as health and safety
- Construction sites will be clean, tidy and provide good quality facilities, including catering, appropriate to the diverse needs of the workforce
- Sites will be run considerately without causing nuisance to local communities

2012 CONSTRUCTION COMMITMENTS

CLIENT LEADERSHIP

Client leadership is vital to the success of any project and enables the construction industry to perform at its best

- The client structure and responsibilities will be clearly identified and adequately resourced to ensure continuity in leadership for the duration of the project
- There will be client commitment to best practice guidelines and engineering cooperation with all organisations involved in the project
- A clearly expressed and well researched vision and business case for the construction of the 2012 Games will be developed by the client
- A detailed brief with clear financial objectives, programme and definition of what is meant by success will be developed by the client before the design stage for all projects and this will be shared at the outset with all those involved
- The client will champion best practice in design, teamworking, innovation, health and safety, and sustainability, and demand an appropriately trained and qualified workforce
- A clear, collaborative and flexible procurement policy will be developed by the client, together with a clearly expressed industrial relations' framework
- The client will work within the project team from the outset of the project to identify and manage project risks
- Projects will be properly commissioned before handover and subsequently tested before the Games commence

SUSTAINABILITY

Sustainability lies at the heart of the delivery of the Games. A sustainable approach will bring full and lasting environmental, social and economic benefits through regeneration and legacy (see also Commitment to People)

- The projects will be designed in accordance with the London 2012 concept of a "One Planet Olympics"
- An overarching Sustainable Development Strategy will be developed with relevant stakeholders
- Each project will develop a specific Sustainability Action Plan which will address environmental, social and economic aspects, and aim to exceed the highest levels within relevant standards and include all aspects of the supply chain
- Targets, including the business case, will be set within all contracts, and performance will be monitored and appraised regularly
- Projects will incorporate best practice approaches to resource use, waste minimisation, low-carbon performance, employment, training and community engagement
- Development plans will seek to enhance, create and protect the local natural environment
- Projects will actively aim to enhance the vitality and viability of local communities from the construction period through to the legacy

DESIGN QUALITY

The design should be creative, imaginative, sustainable and capable of meeting delivery objectives. Quality in design and construction utilising the best of modern methods will ensure that the Olympic sites meet the civic needs of all stakeholders, both functionally and architecturally, for 2012 and beyond

- The client will produce a clear brief before design commences
- Designers will be selected according to ability and quality, together with other criteria appropriate to the scale and complexity of the project
- Every opportunity will be taken to encourage visionary designs, including art and sculpture, and to provide opportunities for emerging designers and artists
- The design must suit the practical, functional and operational requirements of the Games and meet both the client's and users' needs for 2012 and beyond, to ensure that whole-life value is delivered by addressing buildability, maintainability and usability, whilst driving health and safety throughout. Where appropriate it must also facilitate dismantling and re-erection
- Project briefs will specify performance criteria to encourage innovation in order to deliver cost-effective solutions, taking advantage of opportunities for standardisation, prefabrication, off-site manufacture and adopting modern logistics principles
- The design will be tested using 3rd party design reviews and other tools for assessing design quality
- IT-based collaborative tools and communication technologies will be exploited

HEALTH & SAFETY

Health and safety is integral to the success of any project, from design and construction to subsequent operation and maintenance

- All designs will address health and safety issues and all projects will have a risk register
- 2012 construction projects will aspire to be injury and incident free
- Every project will have a strategy to deal with occupational health and provide full-time qualified medical staff on site
- All health and safety risks, including those relating to occupational health, will be assessed, managed, action taken and communicated from inception to design
- Companies will sign up to and implement the Strategic Forum Health and Safety Code
- All professional and site staff will hold Construction Skills Certification Scheme (CSCS) cards or equivalent

We the undersigned agree to adopt the 2012 Construction Commitments as set out above

<p>The Rt Hon Tessa Jowell MP</p>	<p>Chief Executive</p>	<p>Company _____</p> <p>Contact name _____</p> <p>Title _____</p> <p>Email _____</p> <p>Date _____</p>
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To sign up, add the signatures of the organisation's Chairman and Chief Executive, and also the organisation details in the spaces set out above. Tear this panel off and return to the Strategic Forum 2012 Task Group, c/o QC, 26 Store Street, London, WC1E 7BT

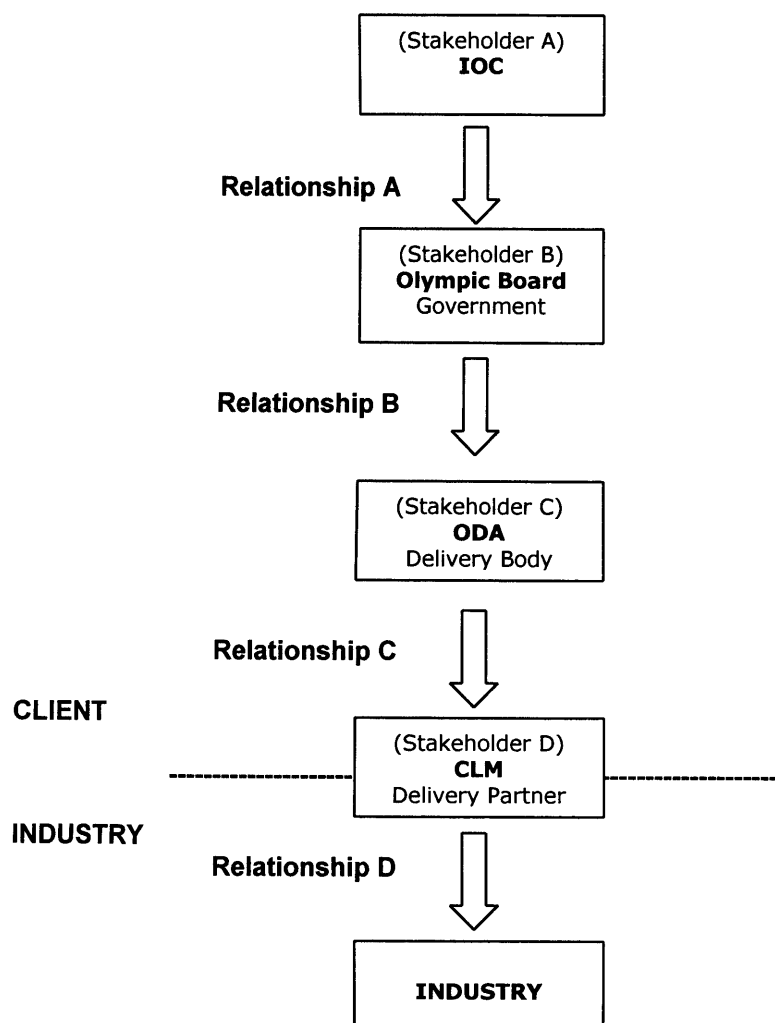
Appendix B

Kate Oonagh Dunne
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Thesis Questionnaire

Leadership in the multi-faceted client organisation: a case study on the Olympic client coalition

Outline of the Olympic Client coalition



Questions

1. Do you believe it common practice for construction industry organisations to firstly recognise diverse the components/stakeholders of a client organisation and subsequently analyse their involvement?

- a) For what reasons do you believe this should/should not be common practice?

2. Each limb of the Olympic client structure must deal with diverse pressures from the external environment. What external pressures, in your opinion, do you believe each component has and will have to contend with?

- a) Stakeholder A – IOC

- b) Stakeholder B – Olympic Board (Government)

- c) Stakeholder C – ODA (Delivery Body)

- d) Stakeholder D – CLM (Delivery Partner)

3. As depicted in the outline structure of the Olympic client above, there is no predetermined individual or organisation conveying overall responsibility for the project. How does this problem, in your opinion, cause problems as regards the success of;

- a) Major projects in general

b) The Olympic construction project(s)

4. In reference to the Olympic Client structure above again, how you perceive the following relationships and their impact(s) and influence(s) on their each other and their participation in the delivery of the Olympic facilities?

a) Relationship A – B – C - D

b) Relationship B – A – C - D

c) Relationship C – A – B - D

d) Relationship D – A – B - C

5. Again, in reference to the Olympic Client structure above, what are the main drivers and objectives for each stakeholder of the client organisation?

a) Stakeholder A – IOC

b) Stakeholder B – Olympic Board (Government)

c) Stakeholder C – ODA (Delivery Body)

d) Stakeholder D – CLM (Delivery Partner)

6. Each limb of the Olympic client structure is dependent on each other. What resources do you believe each individual component has to offer and how they can use these influences as a means of influence?

a) Stakeholder A – IOC

b) Stakeholder B – Olympic Board (Government)

c) Stakeholder C – ODA (Delivery Body)

d) Stakeholder D – CLM (Delivery Partner)

7. Do you believe there is sufficient leadership in place to guide the client organisation and industry for the next six years?

a) In your opinion do you believe there to be conflicting leadership styles amongst the various stakeholders?

b) How do you believe the issue of leadership relates to that of accountability?

8. Finally, do you have any other comments on the overall structure of the Olympic Client, and do you believe any issues, within this subject have been overlooked?

Thank you very much for taking the time to complete this questionnaire, your response will help me to fuel a debate on the structure of the client organisation. Best wishes, Kate

Appendix C - Olympic Stakeholders

- **Background**

Government, the Mayor of London and the British Olympic Authority (BOA) were the key stakeholders involved in the development of London's winning bid to host the 2012 Olympic Games. London was granted the responsibility of hosting the 2012 Games on 6 July 2005 and preparation began immediately in the development of effective bodies. The speed at which the Mayor of London, Government and British Olympic Authority (BOA) arranged the formal stakeholders was praised by the head of the Sydney Games.

- **Formal stakeholders involved**

The following stakeholders have been granted powers and responsibilities by the IOC and the subsequent London Olympic Games and Paralympic Games Act 2006 to fulfil designated duties in the preparation of the Olympic Games. Based on the structures and responsibilities outlined by Parliament, the Mayor of London and Olympic bodies, the following outlines the constitution and duties of each organisation.

- **International Olympic Committee (IOC)**

The International Olympic Committee (IOC), the overseeing organisation, granted London the responsibility of hosting 2012 Olympic and Paralympic Games on XX July 2006, requiring contractual signatures from the Mayor and the British Olympic Association (BOA).

In October 2003 the IOC outlined three key priorities to bidding cities;

- security
- care of the athletes
- to work closely with the IOC to ensure that both the cost and the complexity of the Games were kept in check

Government and the Mayor the London have made direct promises to the IOC through the bid document to facilitate the Games and are therefore, in Government terms, effectively underwriting them. The delivery structures have been put together against this

- **Three key stakeholders**

Three key stakeholders are ultimately responsible for delivering a successful Games, Mayor, Gov and BOA. Structures are already in place to allow them to fulfil that responsibility through the development of the London Organising Committee of the Olympic Games (LOCOG) and the Olympic Delivery Authority (ODA), with the overall strategy agreed with the International Olympic Committee (IOC).

○ **Government**

DCMS answer to

National Audit Office

HM Treasury

Number 10

OGC – as advisory role and taxpayer

○ **The Mayor of London**

The Mayor of London sits on the Olympic Board, the overseeing body of the 2012 Games. As well as this the Mayor oversees the work of the Greater London Authority group which consists of the London Development Agency (LDA) and Transport for London (TfL).

The LDA's role involves;

- Business relocations and support
- Land assembly
- Maximising economic benefit for London

The LDA and TfL have a central role in being able to deliver the Olympic Park, deliver the transport, planning for the Games and helping to push into the territory that the Mayor was talking about earlier, to secure wider benefits for London. The Mayor of London answers to the House of Commons.

The Local Authorities of the five London Boroughs geographically involved in the 2012 Games, Hackney, Greenwich, Newham, Tower Hamlets and Waltham Forest work through the GLA, however each has their own planning authority.

○ **British Olympic Authority (BOA)**

British Olympic Association exists to remind all and ensure all stakeholders that Olympic values must be protected and crucially, to deliver and ensure the needs of Team Great Britain are met.

● **The Olympic Board (OB)**

The Olympic Board comprises the Olympics Minister and Secretary of State residing at the Department of Culture, Media and Sport, the Mayor of London, the BOA Chairman and the London Organising Committee of the Olympic Games (LOCOG) Chairman. The Chairman of the Olympic delivery Authority (ODA) is also invited to attend Olympic Board meetings. The Olympic Board represents key stakeholders and the 'coordinating machine' ensuring common objectives.

The purpose of the Board is to provide oversight, strategic coordination and monitoring of the total 2012 project, ensuring the delivery of the commitments made to the IOC a sustainable legacy in social, economic and environmental terms. The Board will coordinate the work of LOCOG, Government and the ODA.

- **London Organising Committee of the Olympic Games (LOCOG)**

'LOCOG is the public face of the Games'. LOCOG is responsible for planning, organising and staging the 2012 Games. It is a private sector organisation, funded by the private sector. LOCOG's £2 Billion budget will be obtained from a combination of IOC broadcast rights and The Olympic Partner (TOP) programme, tickets sales, and LOCOG sponsors and licensing. LOCOG is responsible to the International Olympic Committee, under the Host City contract for staging the Games.

- **Olympic Delivery Authority (ODA)**

The Olympic Delivery Authority (ODA), established by the London Olympic Games and Paralympic Games Act receiving Royal Assent in March 2006, is the public yet non-departmental body with a budget of £2.375bn. The ODA is responsible for ensuring delivery of the new venues and infrastructure for the Games and the subsequent legacy.

Under the direction of the London Olympic Games and Paralympic Games Act 2006, the ODA is authorised to undertake and hold the following duties and responsibilities respectively;

- Buy, sell and hold land
- Make arrangements for building works, and the installation of transport and other infrastructure
- Develop an Olympic Transport Plan, with which other agencies must co-operate, and to make orders regulating traffic on the Olympic Road Network
- To establish its own local planning authority for any particular area, subject to a separate statutory process

The ODA's responsibilities, in terms of construction, involve;

- All Olympic Park infrastructure and site preparation
- Building new permanent venues
- The building of the Olympic Village and the International Broadcast Centre and Main Press Centre
- Olympic transport projects (with the approval of the Mayor of London)
- Permanent works to existing sports venues
- Olympic Park venue legacy conversion

ODA's key partners involved [Transport for London \(TfL\)](#), the [London Development Agency \(LDA\)](#) and other regional development agencies, the [London Thames Gateway Development Corporation](#), local authorities and many other public agencies, as well as the companies that will contract with the ODA to design, build, commission and convert venues and infrastructure, ensure that benefits for London and the UK can be maximised, and develop new environmental technologies

The ODA reports to the Secretary of State, the Olympics Minister.

The Olympic Transport Authority (OTA) is a directorate of the ODA and works in partnership with the Mayor of London. The ODA's objective is to ensure an integrated approach to the preparations for and delivery of the Games transport. In addition to existing and planned transport infrastructure and operations the OTA will commission TfL and other transport authorities and private sector transport operators to provide Olympic-specific transport projects and services, to ensure a total transport service to all venues for all Olympic client groups including spectators. The OTA will commission TfL and other transport operators to provide any additional Olympic specific services required to meet Games time as set out by the ODA. The London Olympics Bill also creates a power of direction by the ODA in relation to highways, traffic or street matters.

Transport for London (TfL)

TfL remains responsible for the delivery of its own £10bn five year Investment Programme which includes a large number of schemes relevant to the Olympics, due to be completed by 2011. TfL and other transport agencies have a statutory duty to cooperate with the ODA in the delivery of the Olympic Transport Plan. TfL and other authorities must notify the ODA of intentions to exercise functions that will affect the implementation of the Olympic Transport Plan, the Olympic Route Network, and travel to or from a London Olympic event or any other travel for a purpose connected with the London Olympics.

- **The Delivery Partner to the ODA – CLM**

The CLM consortium, Delivery Partner to the ODA, was appointed in August 2006. CLM comprises the following organisations; CH2M HILL, Laing O'Rourke and Mace.

CLM will fulfil the role of project manager for the ODA and assist the ODA in the delivery of the construction programme for the venues and infrastructure to provide for the 2012 Games. CLM's role is not to build venues or infrastructure, contracts for which will be let separately. The ODA will remain the client and will not 'contract out' its responsibilities to CLM. The ODA will instruct CLM to deliver parcels of work on its behalf, pre-approving all tasks and the resources allocated for that task prior to the work starting. Construction and building contracts will be let by the ODA, which will also retain ownership of approval processes and financial systems. CLM will only earn profit if they hit key performance indicators which will be set by the ODA. CLM's contract lasts until 2013.

- **External stakeholders**

- Taxpayers
- Residents of the Olympic Park
- Special interest pressure Groups
- Voters

Appendix D – Olympic Funding

Funding

- **Funding sources**

Clearly Government has a central funding responsibility as it provided an underwriting responsibility to the IOC and will be regulated by HM Treasury. Funding sources include;

- Lottery funding - £1.5billion
- Private Sector - £2 billion
- London Development Agency (LDA) - £250 million
- £625m from London Council Tax

- **Funding allocation**

- **LOCOG - Funding sourced by Private Sector and the TOP**

- IOC's broadcasting revenues
- IOC's international TOP sponsorship programme
- Private Sector - £2bn

- **ODA - Funding for ODA sourced by Public Sector and the Mayor of London**

Funding for the Games infrastructure will be drawn from the £2.375bn public sector funding package agreed between Government and the Mayor of London in 2003. The funding package is made up of:

- £1.5bn from the National Lottery, including £750m from new Lottery games
- £625m from London Council Tax precept
- £250m from the London Development Agency from 2008/09

- **Transport**

The Government is funding transport and enabling infrastructure in east London and £542m has been assigned for Olympic specific transport schemes.

Transport for London (TfL) received a long-term settlement enabling it to embark on a £10bn five year programme of investment in London's transport infrastructure up to 2010 comprising;

- £2.7bn of direct government grant
- ability to prudentially borrow up to £3.3bn
- £4bn of planned PPP expenditure for the renewal of the Tube network. Crucially, whilst this investment is not specifically required for the 2012 Games it will improve reliability and capacity across London.

Appendix E

